

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER REGULATION 13(4) OF SEBI (PROCEDURE FOR HOLDING ENQUIRY BY ENQUIRY OFFICER AND IMPOSING PENALTY) REGULATIONS, 2002, AGAINST JOINDRE CAPITAL SERVICES LTD., MEMBER, THE STOCK EXCHANGE, MUMBAI SEBI REGISTRATION NO. INB011107555.

1.0 BACKGROUND

- 1.1 M/s. Joindre Capital Services Ltd. (hereinafter referred to as "the broker") is a member of The Stock Exchange, Mumbai ("BSE") registered with SEBI as a stock broker under section 12 of SEBI Act, 1992 with SEBI Registration No. INB011107555.
- 1.2 Inspection of the books of accounts, documents and other records of the broker was carried out by SEBI for the period April 2000 to September 2002 and certain irregularities found to have been committed by the broker were observed.

2.0 ENQUIRY PROCEEDINGS

- 2.1 In view of the above, an Enquiry Officer (EO) was appointed vide SEBI Order dated January 7, 2004 under Regulation 5(1) of SEBI (Procedure for Holding Enquiry) Regulations, 2002 (hereinafter referred to as the "said Regulations") to inquire into the irregularities observed during the inspection of books of accounts of the broker. The EO after conducting the enquiry in terms of the said regulations submitted his report on 29.12.04 recommending for imposition of a minor penalty of warning on the broker.
- 2.2 A copy of the Enquiry Report was sent to the broker on 18.01.05, in terms of Regulation 13(2) of the said Regulations, advising it to show cause as to why appropriate penalty including the penalty as recommended by the Enquiry Officer should not be imposed.
- 2.3 The broker vide letter dated 01.02.05 and submitted that the irregularities and lapses, if any were unintentional and corrective steps were being taken wherever possible and that it would be more cautious in future ensuring strict compliance of all the regulatory provisions in letter and spirit. The broker further requested not to levy any penalty against it.

3.0 CONSIDERATION OF ISSUES

- 3.1 I have carefully considered the findings of inspection, Enquiry and the submissions made by the broker and my observations are as follows :

a) Dealing with unregistered sub-broker

It has been alleged that the broker dealt with its sub-broker M/s. Investwell consultancy who was registered with NSE for transactions on BSE. The broker replied that it had 103 registered sub-brokers at BSE at the time of inspection and there was no reason why it should not register Investwell Consultancy at BSE. The broker further submitted that the inspection report clearly stated that it was nothing but oversight that the registration was not done at BSE. As soon as the matter was brought to the notice of the broker, it submitted the papers to BSE for registration and got the sub-broker registered under Regn. No.INS010365810/01-11075. Further there were no investor complaints for the period in which Investwell had acted as unregistered sub-broker.

The EO found that corrective steps have been taken by the broker and the sub-broker was eventually registered. Further, no investor complaint was pending in respect of the said sub-broker. However, since the broker had violated SEBI Circular No.SMD/Policy/Cir/3-97 dated 31.3.97 the broker should be warned to be cautious in future in its dealings with sub-brokers.

b) Unique Client Code system not in operation

The broker submitted that it has complied with the above requirement pursuant to inspection and there was no intent on the part of the broker in not submitting the details to the BSE. The Enquiry Officer found that the broker has already taken corrective steps and the violation is technical in nature.

- c) As regards other allegations like non-maintenance of statutory books, irregularities in issuance of contract notes, irregularities in nature of operations and systems, the EO after considering the material on record and the submissions made by the broker did not find the broker guilty of any violations.

4.0 In the facts and circumstances of the case, I have no substantive reasons to differ with the findings of the EO.

5.0 ORDER

5.1 Now, therefore, in exercise of the powers conferred upon me in terms of Section 19 of the SEBI Act, 1992 read with Regulation 13(4) of the said Regulations, I hereby warn M/s. Joindre Capital Services Ltd., member, BSE bearing SEBI Registration No. INB011107555 and direct it to be more cautious in future in its dealings with securities and to adhere to the provisions of SEBI Act, 1992 and the Rules and Regulations made thereunder. Any future lapse on the part of the broker in complying with the said provisions would invite stringent action.

5.2 This order shall come into force with immediate effect.

PLACE: MUMBAI

DATE : 13.1.06

MADHUKAR

WHOLE TIME MEMBER

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